

Message Text

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ORIGIN EB-07

INFO OCT-01 IO-13 ISO-00 COME-00 TRSE-00 AGR-10 LAB-04

SIL-01 STR-04 AGRE-00 CEA-01 CIAE-00 DODE-00 FRB-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 PA-02 AID-05

CIEP-02 SS-15 ITC-01 PRS-01 SP-02 OMB-01 FEA-01

NSCE-00 SSO-00 USIE-00 INRE-00 AF-08 ARA-10 EA-09

EUR-12 NEA-10 XMB-04 OIC-02 /149 R

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EB/OT/TA:WGOFFE

COMMERCE:SCRAVEN

TREASURY:EGREENE

AGRICULTURE:TCONWAY

LABOR:DWANNAMAKER

STR:JGREENWALD

----- 130438

O R 192152Z OCT 76

FM SECSTATE WASHDC

TO USMISSION GENEVA IMMEDIATE

INFO USDEL MTN GENEVA

UNCLAS STATE 258864

E.O. 11652: N/A

TAGS: GATT, ETRD

SUBJECT: REVISIONS IN U.S. CG-18 BALANCE OF PAYMENTS PAPER

REF: GATT DOC CG.18/W/9

MISSION REQUESTED TO ADVISE THE GATT SECRETARIAT OF THE
FOLLOWING CHANGES IN THE REF. DOC. AND ASK THAT THE
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REVISED PAPER BE CIRCULATED TO CG-18 MEMBERS BEFORE THE

UPCOMING MEETING (CHANGES ARE KEYED TO REF DOC):

1. PAGE 4--A NEW RECOMMENDATION I SHOULD BE INSERTED AT THE BEGINNING OF THE LIST. QUOTE (I) ANY CONTRACTING PARTY WHICH IMPOSES ANY TRADE MEASURE FOR BALANCE-OF-PAYMENT PURPOSES SHOULD IMMEDIATELY NOTIFY SUCH ACTION TO THE CONTRACTING PARTIES. IN THE EVENT SUCH CONTRACTING PARTY FAILS TO NOTIFY THE CONTRACTING PARTIES OF SUCH ACTION WITHIN A REASONABLE TIME, ANY OTHER CONTRACTING PARTY MAY SO NOTIFY THE CONTRACTING PARTIES; END QUOTE

2. PAGE 4--RECOMMENDATION I SHOULD BE RENUMBERED II AND CHANGED TO READ AS FOLLOWS; QUOTE (II) THE BALANCE-OF-PAYMENT COMMITTEE SHOULD REVIEW ALL TRADE MEASURES TAKEN FOR BALANCE-OF-PAYMENTS PURPOSES, FULLY APPRAISE THE TRADE ACTIONS TAKEN IN TERMS OF THEIR CONFORMITY WITH THE GATT, INCLUDING, IN LIGHT OF THE APPROPRIATE GATT PROVISIONS, THE EFFECT OF SUCH ACTIONS ON THE TRADE OF THE DEVELOPING COUNTRIES, AND EXAMINE WHETHER ALTERNATIVE TRADE MEASURES OR ADJUSTMENTS TO REDUCE DISTORTIONS MIGHT NOT BE POSSIBLE. IN SO DOING THE COMMITTEE SHOULD PAY DUE ATTENTION TO LIMITATIONS THAT MIGHT EXIST WITH RESPECT TO THE FLEXIBILITY OF THE COUNTRY CONCERNED IN ADJUSTING TO DISTURBANCES IN THE INTERNATIONAL ECONOMY; END QUOTE

4. PAGE 4--RECOMMENDATIONS III THROUGH VII SHOULD BE RENUMBERED IV THROUGH VIII RESPECTIVELY AND THE PHRASE "LONG-TERM" SHOULD BE DELETED FROM OLD RECOMMENDATION IV (NEW RECOMMENDATION V).

5. PAGE 5--A NEW SECTION SHOULD BE ADDED PRECEDING RECOMMENDATION I AS FOLLOWS: QUOTE (I) ANY CONTRACTING PARTY WHICH IMPOSES ANY TRADE MEASURE FOR BALANCE-OF-PAYMENTS PURPOSES SHOULD IMMEDIATELY NOTIFY SUCH ACTION TO THE CONTRACTING PARTIES. IN THE EVENT SUCH CONTRACTING PARTY FAILS TO NOTIFY THE CONTRACTING PARTIES OF SUCH ACTION WITHIN A REASONABLE TIME, ANY OTHER CONTRACTING PARTY MAY SO NOTIFY THE CONTRACTING PARTIES.

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THE OBLIGATION OF A CONTRACTING PARTY TO NOTIFY THE CONTRACTING PARTIES OF THE IMPOSITION OR INTENSIFICATION OF TRADE RESTRICTIONS TAKEN FOR BALANCE-OF-PAYMENTS REASON IS ALREADY IMPLICIT IN THE CONSULTATION OBLIGATIONS CONTAINED IN ARTICLES XII:4(A) AND XVIII:12(A). HOWEVER, IT HAS OCCASIONALLY BEEN THE CASE THAT CONTRACTING PARTIES HAVE FAILED TO NOTIFY SUCH MEASURES. WITHOUT PROPER NOTIFICATION, INTERNATIONAL REVIEW PROCEDURES

CANNOT OPERATE EFFECTIVELY. ACCORDINGLY, THERE SHOULD BE PROVISION FOR THIRD-PARTY NOTIFICATION OF BALANCE-OF-PAYMENTS TRADE MEASURES TO THE CONTRACTING PARTIES IN CASES WHERE THE PARTY TAKING THE MEASURES FAILS TO NOTIFY THE GATT WITHIN A REASONABLE PERIOD OF TIME. END QUOTE

6. PAGE 5--RECOMMENDATION I SHOULD BE RENUMBERED II AND CHANGED TO READ AS FOLLOWS: QUOTE (II) THE BALANCE-OF-PAYMENTS COMMITTEE SHOULD REVIEW ALL TRADE MEASURES TAKEN FOR BALANCE-OF-PAYMENTS PURPOSES, FULLY APPRAISE THE TRADE ACTIONS TAKEN IN TERMS OF THEIR CONFORMITY WITH THE GATT, INCLUDING, IN LIGHT OF THE APPROPRIATE GATT PROVISION, THE EFFECT OF SUCH MEASURES ON TRADE OF DEVELOPING COUNTRIES, AND EXAMINE WHETHER ALTERNATIVE TRADE MEASURES OR ADJUSTMENTS TO REDUCE DISTORTION MIGHT NOT BE POSSIBLE. IN SO DOING THE COMMITTEE SHOULD PAY DUE ATTENTION TO THE LIMITATIONS THAT MAY EXIST WITH

RESPECT TO THE FLEXIBILITY OF THE COUNTRY CONCERNED IN ADJUSTING TO DISTURBANCES IN THE INTERNATIONAL ECONOMY. END QUOTE

7. PAGE 6--THE FIRST SENTENCE OF THE LAST FULL PARAGRAPH SHOULD BE CHANGED TO READ AS FOLLOWS: QUOTE WITHOUT APPRAISAL OF THE OVERALL TRADE EFFECT OF A BALANCE-OF-PAYMENTS MEASURE, IT IS DIFFICULT TO DETERMINE ACCURATELY THE CONSISTENCY OF THE MEASURE WITH THE UNDERSTANDING THAT DEVELOPED COUNTRY CONTRACTING PARTIES SHOULD TAKE MAXIMUM EFFORTS TO AVOID ACTIONS WHICH ADVERSELY AFFECTS THE EXPORT OPPORTUNITIES OF THE DEVELOPING COUNTRIES OR THE REQUIREMENTS OF THE GATT GOVERNING....END QUOTE

8. PAGE 7--RECOMMENDATION II SHOULD BE RENUMBERED III
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AND CHANGED TO READ AS FOLLOWS: QUOTE (III) THE GATT SECRETARIAT SHOULD PREPARE OBJECTIVE, TRADE-POLICY-ORIENTED STUDIES ON THE MEASURES TAKEN. SUCH STUDIES SHOULD INCLUDE THE EFFECT OF THE MEASURES TAKEN ON THE TRADE OF DEVELOPING COUNTRIES; END QUOTE

9. PAGE 7--THE FIFTH LINE OF THE SECOND FULL PARAGRAPH SHOULD BE CHANGED TO READ AS FOLLOWS: QUOTE....ADJUSTMENTS TO REDUCE DISTORTIONS OR THE IMPACT OF SUCH MEASURES ON DEVELOPING COUNTRY CONTRACTING PARTIES. THE....END QUOTE

10. PAGE 7--RECOMMENDATION III SHOULD BE RENUMBERED IV AND LINES 3 AND 4 OF THE FIRST PARAGRAPH UNDER THIS RECOMMENDATION SHOULD BE CHANGED TO READ AS FOLLOWS: QUOTE....

WERE SERIOUS BALANCE-OF-PAYMENTS DIFFICULTIES. THE
WORSENE BALANCE-OF-PAYMENTS PROBLEMS OF THE DEVELOPING
COUNTRIES DO ARGUE FOR A MORE SYMPATHETIC....END QUOTE

11. PAGE 8--RECOMMENDATION IV SHOULD BE RENUMBERED V AND
THE PHRASE "LONG-TERM" SHOULD BE DELETED IN LINE 4 OF THE
RECOMMENDATION AND LINES 3 AND 5 OF THE PARAGRAPH IMMEDIATE
FOLLOWING IT.

12. PAGE 9--THE PHRASE "LONG-TERM" SHOULD BE DELETED FROM
LINES 2 AND 5 OF THE FIRST FULL PARAGRAPH ON THE PAGE AND
RECOMMENDATION V SHOULD BE RENUMBERED VI.

13. PAGE 10--RECOMMENDATION VIII SHOULD BE DELETED AND
RECOMMENDATIONS VI AND VII SHOULD BE RENUMBRED VII AND
VIII RESPECTIVELY.

14. MISSION, PLEASE NOTE THAT THE FOLLOWING PARAGRAPH IS

OUT OF SEQUENCE.

3. PAGE 4--RECOMMENDATION II SHOULD BE RENUMBERED III AND
CHANGED TO READ AS FOLLOWS: QUOTE (III) THE GATT
SECRETARIAT SHOULD PREPARE OBJECTIVE TRADE-POLICY-ORIENTED
STUDIES ON THE MEASURES TAKEN. SUCH STUDIES SHOULD INCLUDE
THE EFFECTS OF THE MEASURES TAKEN ON THE TRADE OF
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DEVELOPING COUNTRIES; END QUOTE. ROBINSON

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